ADF

Saskatchewan Agriculture
Development Fund

Annual Report
1991-1992

Saskatchewan
Agriculture
Development
Fund

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Letter Of Transmittal

Regina, Saskatchewan
June 30, 1992

To Her Honour
The Honourable Sylvia Fedoruk
Lieutenant Governor of the Province of Saskatchewan

Madam:

I have the honour to submit herewith the Annual Report of the Saskatchewan Agriculture Development Fund (ADF) for the 1991-92 fiscal year. This report includes financial statements in the form approved by the Treasury Board and duly certified in accordance with The Agriculture Development Fund Act.

I have the honour to be, Madam,
Your obedient servant,

Bernhard Wiens
Minister responsible for
Saskatchewan Agriculture Development Fund

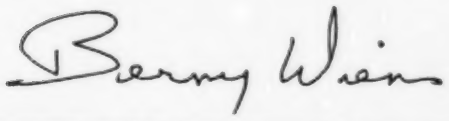
Minister's Message

As Minister responsible for the Saskatchewan Agriculture Development Fund (ADF), I am pleased to present the annual report for the period April 1, 1991 to March 31, 1992.

The Government of Saskatchewan is committed to the future of Saskatchewan's agriculture and food industry through research, development and demonstration. The ADF provides farm families and the farm processing industries with tools necessary to build a strong future.

The ADF is governed by a board of directors made up of members of the agriculture and food industry, providing producer and industry direction. I wish to express my gratitude to outgoing board members and welcome the new members and look forward to their input in the future. I would also like to thank the technical and evaluation committees for their hard work and dedication.

Farmers, industry and government must work together to ensure the future of the Saskatchewan agriculture and food industry. I am confident that the ADF will play an important role in that future.



Bernhard Wiens
Minister responsible for
Saskatchewan Agriculture Development Fund

Message From The ADF Board Of Directors

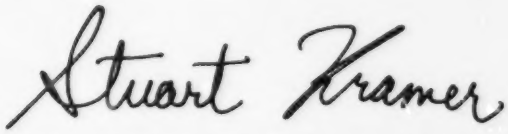
The Saskatchewan Agriculture Development Fund (ADF) is a vital tool for implementing Saskatchewan-based initiatives in food and agriculture research, development and demonstration projects. In 1991-92 the ADF provided funding of $24.8 million to some 400 projects.

This contribution includes $10.6 million for research, development, demonstration, food and commercialization projects.

In addition, the ADF contributed more than $1.9 million to the federal-provincial Soils Accord; almost $1.1 million to a five-year agreement with AgWest Biotech Inc. to support biotechnology research suitable for commercial application; and $687,300 to the federal-provincial Farm Management Initiative.

In 1991-92 the ADF contributed $355,000 to the establishment of the International Centre for Agricultural Science and Technology (ICAST) in Saskatoon. The Centre's purpose is to commercialize technologies in the national and international marketplace for the agricultural, food and related industries in Canada.

As well, the ADF contributed almost $5.2 million toward the construction of the new College of Agriculture building at the University of Saskatchewan. An additional $4.5 million was expended on irrigation development projects.



Stuart Kramer, Chairperson
Deputy Minister of Saskatchewan Agriculture and Food

ADF Board Of Directors

Stuart Kramer
Brian Petracek
Garvin Hanley
Dr. Wanda Mann
Dr. Gordon Dorrell
Brenda Martin
Julie Paquette
Dick Richards
Don Baxter
Charles Thompson

ADF Profile

The Saskatchewan Agriculture Development Fund (ADF) is the major provincial funding agency for agriculture and food-related research, development and demonstration projects.

Research

The ADF is helping to secure Saskatchewan's agriculture and food future through its commitment to research.

The ADF has research projects with farm organizations, farm and industry groups, the University of Saskatchewan (U of S) and Agriculture Canada. ADF funding has produced new crop varieties, disease and pest control and new production ideas.

In cooperation with farm groups and the U of S Crop Development Centre, the ADF has assisted in the development of another two-row malting barley that is more disease resistant than the one it will replace. The ADF also supports improvements of production management techniques and the development of superior oilseed and special crop varieties.

The ADF supports a variety of projects designed to develop and enhance the quality of livestock, their reproduction and production efficiency, and disease control.

Ongoing ADF-supported research projects in biotechnology are working on techniques which may be used to identify and develop micro-organisms as pest control agents; develop vaccines to combat common diseases in cattle and swine; promote animal growth and production: and develop new and improved crop varieties.

In the summer of 1991, the ADF made a commitment to continue funding the Strategic Research Program at the University of Saskatchewan. The ADF's commitment will provide the University with $17.5 million over five years.

Research is the key to success in the agriculture and food industry. The ADF will continue to cooperate with farm groups, scientists and technicians in the province to sustain industry growth and achievement through the support of basic and applied research.

Development

Designed to develop improved products, processes and services, ADF development projects benefit Saskatchewan agriculture for the future.

The ADF recognizes that combining innovation and initiative is the answer to improving today's agricultural economy. Diversification is a key to Saskatchewan's future.

ADF's support of development projects throughout the province has stimulated marketing and promotion for new products; evaluated the feasibility of new commercial operations; and studied new production ideas.

In the area of soils and crops, funding has been provided to encourage the development of value-added products. Increasing production and exploring markets for traditional and special crops and identifying potential export opportunities for forage seed leads to increased opportunities for the Saskatchewan agriculture and food industry.

In promoting value-added activity, the ADF has supported projects such as the Saskatchewan Foodtalk Program which provides extension services to the food processing industry. Other projects have enabled processors to further develop their food products and to enter potential markets.

Northern Saskatchewan is rich with opportunities and, through ADF assistance, residents are exploring new avenues for development. Areas supported include production, processing and marketing of natural wild products, such as blueberries, mushrooms and wild rice, both in raw and value-added states; as well as fish farming.

The ADF will continue to support ideas generated by Saskatchewan's agriculture and food industry, playing a major role in keeping it competitive at home and globally.

Demonstration

The ADF on-farm demonstration program takes research developed in controlled environments into the field where practical application can be evaluated.

On-farm demonstrations help introduce new developments and provide producers with an opportunity to view or have hands-on experience with new technological advances.

Bringing new technology to the local level serves three purposes: it provides researchers with producer feedback from actual situations; projects serve as the focal point for local extension activities and, most importantly, it allows farmers to evaluate new varieties, practices or technologies as they apply in their area.

Many demonstrations are joint efforts between the ADF, producer groups, agriculture processing industry and farmers. The ADF on-farm demonstrations' progress is an accurate reflection of today's agricultural condition and climate. For example, demonstrations now include new technologies developed outside of Saskatchewan as well as those developed here at home.

Regional testing programs for grain crops and forages provide farmers with information on the adaptation of new varieties to their area.

Organic farming practices can be economically viable according to field studies conducted by the Saskatchewan Research Council for the Organic Crop Improvement Association.

Asparagus may prove to be a valuable new crop for vegetable growers. Saskatchewan's late spring season may make it possible to obtain late season higher prices for this crop.

Biological control methods of leafy spurge, toadflax and field bindweed were evaluated through a project with the Saskatchewan Association of Rural Municipalities (SARM).

Project leaders work with ADF staff and local extension agrologists to ensure that the information received from the demonstrations is interpreted correctly and made public, so that farmers can have access to the latest information and learn from one another.

Technology Transfer

There is an urgent need to keep the agriculture and food industry current with the latest technological advances. This allows it to compete in the global marketplace. ADF Communications transfers the results of new technologies to producers and the agriculture and food industry in a timely and efficient manner.

Technology left sitting on the shelf in someone's lab or business is of benefit to no one.

ADF reports as well as a listing of all ADF reports and publications are available from the Publication Distribution Centre at Saskatchewan Agriculture and Food.

Monthly, the ADF issues a synthesis of ADF projects to all Saskatchewan news media.

The ADF data base also stores information on agriculture and food projects from many provincial agencies and is utilized in coordinating projects and avoiding duplication. Electronic dissemination of results from ADF and other agency projects is available to the public.

For more information, contact:

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AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the balance sheet of **The Agriculture Development Fund** as at March 31, 1992 and the statements of revenue and expenditures and operating surplus and changes in cash position for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1992 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles.

Horachek Cannam Joa

Saskatoon, Canada
May 27, 1992

Chartered Accountants

THE AGRICULTURE DEVELOPMENT FUND

Balance Sheet

March 31, 1992
with comparative figures for 1991

	1992	1991
Current assets		
Due from Consolidated Fund of Saskatchewan	$ 1,960,244	9,906,459
Accounts receivable	25,000	708
Total current assets	1,985,244	9,907,167
Fixed assets (note 2)	405,906	322,969
	$ 2,391,150	10,230,136
Liabilities and Equity		
Current liabilities		
Accounts payable - administration	$ 22,556	45,367
- projects	143,159	1,029,507
Accrued liabilities	18,750	18,052
Total current liabilities	184,465	1,092,926
Deferred project revenue (note 3)	1,760,729	8,462,498
Equity		
Operating surplus, per accompanying statement	40,050	351,743
Equity in fixed assets	405,906	322,969
Total equity	445,956	674,712
	$ 2,391,150	10,230,136

See accompanying notes.

ON BEHALF OF THE BOARD:

Stuart Kramer **Chairman**

THE AGRICULTURE DEVELOPMENT FUND

Statement of Revenue and Expenditures and Operating Surplus

Year ended March 31, 1992
with comparative figures for 1991

	Administration	Projects (Schedule 1)	1992 Total	1991 Total
Revenue				
Saskatchewan Agriculture and Food	$ 1,000,027	34,081,743	35,081,770	22,626,882
Recovery of project payments	-	27,664	27,664	269,703
Miscellaneous	1,754	-	1,754	4,490
	1,001,781	34,109,407	35,111,188	22,901,075
Expenditures				
Advertising	21,486	-	21,486	113,816
Fixed asset purchases	13,113	69,824	82,937	172,955
Computer processing	135,865	-	135,865	97,675
Copying and printing	79,188	-	79,188	63,306
Couriers and freight	831	-	831	2,647
Directors' fees and expenses	50,553	-	50,553	84,528
Education	-	-	-	4,676
Grants and consultants	-	23,382,782	23,382,782	21,003,474
Miscellaneous	320	-	320	9,940
Office supplies	51,838	-	51,838	113,415
Printing	65,391	-	65,391	118,748
Professional fees	10,369	-	10,369	13,365
Rent	1,512	-	1,512	6,436
Repairs and maintenance	4,553	-	4,553	5,579
Telephone	43,378	-	43,378	51,184
Travel	83,882	-	83,882	73,739
Wages and benefits	807,996	-	807,996	723,474
Total expenditures	1,370,275	23,452,606	24,822,881	22,658,957
Excess (deficiency) of revenue over expenditures for the period before unusual item	(368,494)	10,656,801	10,288,307	242,118
Withdrawal of unexpended funds (note 4)	-	10,600,000	10,600,000	-
Excess (deficiency) of revenue over expenditures for the year	(368,494)	56,801	(311,693)	242,118
Operating surplus (deficit) at beginning of year	408,544	(56,801)	351,743	109,625
Operating surplus at end of year	$ 40,050	-	40,050	351,743

See accompanying notes.

Statement of Changes in Cash Position

Year ended March 31, 1992
with comparative figures for 1991

	1992	1991
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	$ (311,693)	242,118
Changes in non-cash working capital balances:		
Accounts receivable	(24,292)	(708)
Accounts payable - administration	(22,811)	5,490
- projects	(886,348)	(2,743,990)
Accrued liabilities	698	1,260
Deferred project revenue	(6,701,769)	5,093,617
	(7,634,522)	2,355,669
Cash provided by (used in) operating activities	(7,946,215)	2,597,787
Net cash increase (decrease) during the year	(7,946,215)	2,597,787
Cash held in Consolidated Fund of Saskatchewan at beginning of year	9,906,459	7,308,672
Cash held in Consolidated Fund of Saskatchewan at end of year	$ 1,960,244	9,906,459

See accompanying notes.

Notes to Financial Statements

March 31, 1992

1. *Significant Accounting Policies*

a) Basis of accounting

These financial statements have been prepared on the full accrual basis, reflecting all assets, liabilities, revenue and expenditures in accordance with the accounting policies outlined below.

b) Revenue recognition

i) Projects

Project revenue received is recognized in the period that the related expenditure is incurred. Any revenues received for which the related expenditures have not been incurred are recorded as deferred revenue.

ii) Administration

Revenue received for the administration of the Fund is recognized as such in the period in which it is received.

c) Project expenditures

Expenditure advances to projects are recorded as expenditures during the period in which the advance was made. If, at the completion or termination of a project, it is determined that there are excess monies which should be returned to the Fund, these recoveries are recorded as such during the year in which the project ends.

d) Fixed assets

In common with many non-profit organizations, fixed asset purchases are charged to expense in the year of acquisition. To maintain accountability for these purchases, corresponding entries are made to capitalize them on the balance sheet as an asset with an offsetting entry to equity in fixed assets. Consistent with this treatment, depreciation is not provided for in the accounts.

e) Donated goods and services

The Fund has chosen not to record the fair market value of goods and services provided without charge to it by various other provincial government organizations. Saskatchewan Agriculture and Food was the major provider of such donated goods and services to the Fund. During the year some of the more significant donated goods and services to the Fund included:

* office space
* computer communications interface
* employer's share of employee benefits
* postage
* library services

Notes to Financial Statements - Continued

March 31, 1992

1. *Significant Accounting Policies - Continued*

f) Accounts payable - projects

Project liabilities are recorded when contractual conditions for payment have been fulfilled, such as submission of project reports and invoices.

2. *Fixed Assets*

Fixed assets carried in these financial statements are at cost and are comprised only of amounts incurred by the Fund since October 1, 1989. Fixed assets which were inherited by the Fund for no consideration on October 1, 1989 from Saskatchewan Agriculture and Food have not been recorded in these financial statements as no record was maintained of the value of such fixed assets. Fixed assets acquired since October 1, 1989 consist of the following:

	1992	1991
Furniture and equipment	$ 53,763	47,391
Computer hardware	347,273	274,183
Computer software	4,870	1,395
Equity in fixed assets	$ 405,906	322,969

3. *Deferred Project Revenue*

As explained in note 1b, project revenue received in excess of the related project expenditures incurred is deferred until the related expenditures are incurred. At year-end, deferred project revenue is comprised of the following:

	1992	1991
Research, Development, Demonstration	$ 1,194,772	4,010,306
Economic and Regional Development Agreement	41,129	1,950,656
Economic and Regional Development Agreement - Irrigation	56,800	56,800
Commercialization	19,000	754,000
Canada - Saskatchewan Soil Conservation Agreement	327,350	1,068,999
AgWest Biotech Inc.	74,188	298,744
Food and Agri-Processing Development	47,490	322,993
	$ 1,760,729	8,462,498

4. *Withdrawal of Unexpended Funds*

Due to the nature of the funding provided to the Fund by Saskatchewan Agriculture and Food, the Treasury Board retains the right, at its discretion, to withdraw unexpended funds. During the year, the Treasury Board withdrew $10,600,000 of unexpended funds from the Fund. Management of the Fund is not aware at this time of any intent on the part of the Treasury Board to withdraw any additional amounts.

5. *Related Party Transactions*

During the year, in addition to the donated goods and services referred to in note 1 e), the Fund had the following transactions with other provincial government entities:

Prairie Agricultural Machinery Institute	
* Project expenses:	
Research, development and demonstration grants	$ 22,294
Saskatchewan Property Management Corporation	
* Administration expenses:	
Computer processing	$ 2,392
Office supplies	4,249
Copying and printing	100
Travel	9,482
* Project expenses:	
College of Agriculture building, University of Saskatchewan grant	5,185,603
	$ 5,201,826
* Amount due to the Fund at year end	$ 25,000
Saskatchewan Telecommunications	
* Administration expenses:	
Computer processing	$ 6,927
Telephone	44,763
	$ 51,690
Saskatchewan Research Council	
* Project expenses:	
Research, development and demonstration grants	$ 11,300

Notes to Financial Statements - Continued

March 31, 1992

5. *Related Party Transactions - Continued*

Saskatchewan Water Corporation	
* Project expenses:	
Individual Irrigation Projects grants	$ 1,000,000
Corporate grants	3,476,000
	$ 4,476,000

6. *Commitments*

At March 31, 1992 the Fund had outstanding financial commitments to various projects under a variety of programs, all of which are subject to appropriate funding being made available. Due to the uncertainty as to the continued availability of project funding it is not possible to quantify future commitments beyond the 1993 fiscal year. Payments for which the Fund is contractually committed in 1993, which are in addition to those items recorded as liabilities on the balance sheet, are as follows:

Research, development and demonstration approved projects	$ 10,730,000
Canada - Saskatchewan Soil Conservation Agreement	2,355,000
AgWest Biotech Inc.	1,600,000
Commercialization	375,000
Food and Agri-Processing Development	204,000
Total commitments	$ 15,264,000

7. *Comparative Figures*

Certain of the prior year's comparative figures have been restated to comply with the current year's method of presentation. Excess (deficiency) of revenue over expenditures for the year was not affected.

8. *Formation and Commencement of Operations*

The Agriculture Development Fund became a Treasury Board Crown Corporation October 1, 1989 as a result of The Agriculture Development Fund Act, which received assent on July 17, 1989. Prior to October 1, 1989 the Fund had functioned as a division of Saskatchewan Agriculture and Food. Assets and liabilities accumulated while part of Saskatchewan Agriculture and Food were contractually assumed by the Fund upon its incorporation.

THE AGRICULTURE DEVELOPMENT FUND

Schedule 1

Statement of Project Revenue and Expenditures

Year ended March 31, 1992
with comparative figures for 1991

	Saskatchewan Water Corporation-Individual Irrigation Projects	Saskatchewan Water Corporation	College of Agriculture Building University of Saskatchewan	Food and Agri-Processing Development	AgWest Biotech Inc.	Commercialization
Revenue						
Saskatchewan Agriculture and Food	$ 1,000,000	3,476,000	5,185,603	275,505	1,074,556	285,000
Expenditures						
Grants and consultants	1,000,000	3,476,000	5,185,603	275,505	1,074,556	285,000
Excess of revenues over expenditures for the year	$ -	-	-	-	-	-

	Research Development Demonstration	Economic and Regional Development Agreement	Economic and Regional Development Agreement Irrigation	Canada - Saskatchewan Soil Conservation Agreement	1992 Total	1991 Total (Schedule 2)
Revenue						
Saskatchewan Agriculture and Food	$ 20,758,626	34,804	-	1,991,649	34,081,743	21,126,882
Recovery of project payments	26,348	1,316	-	-	27,664	269,703
Miscellaneous	-	-	-	-	-	1,738
	20,784,974	36,120	-	1,991,649	34,109,407	21,398,323
Expenditures						
Fixed asset purchases	12,978	-	-	56,846	69,824	-
Grants and consultants	10,171,996	36,120	-	1,878,002	23,382,782	21,003,474
Other	-	-	-	-	-	17,046
	10,184,974	36,120	-	1,934,848	23,452,606	21,020,520
Excess of revenues over expenditures for the year before unusual item	10,600,000	-	-	56,801	10,656,801	377,803
Withdrawal of unexpended funds (note 4)	10,600,000	-	-	-	10,600,000	-
Excess of revenues over expenditures for the year	$ -	-	-	56,801	56,801	377,803

IHS MICHEL CANNAM JOA

THE AGRICULTURE DEVELOPMENT FUND

Statement of Project Revenue and Expenditures

Year ended March 31, 1991

Schedule 2

	Saskatchewan Water Corporation-Individual Irrigation Projects	Saskatchewan Water Corporation	College of Agriculture Building University of Saskatchewan	Food and Agri-Processing Development	AgWest Biotech Inc.	Commercialization
Revenue						
Saskatchewan Agriculture and Food	$ 1,000,000	1,976,000	1,798,500	577,007	1,321,256	446,000
Expenditures						
Grants and consultants	1,000,000	1,976,000	1,798,500	577,007	1,271,256	446,000
Excess of revenues over expenditures for the year	$ -	-	-	-	50,000	-

	Research Development Demonstration	Economic and Regional Development Agreement	Economic and Regional Development Agreement Irrigation	Canada - Saskatchewan Soil Conservation Agreement	1991 Total
Revenue					
Saskatchewan Agriculture Food	$ 10,782,268	(83,349)	(56,800)	3,366,000	21,126,882
Recovery of project payments	168,753	44,150	56,800	-	269,703
Miscellaneous	1,738	-	-	-	1,738
	10,952,759	(39,199)	-	3,366,000	21,398,323
Expenditures					
Grants and consultants	10,952,759	(56,245)	-	3,038,197	21,003,474
Other	-	17,046	-	-	17,046
	10,952,759	(39,199)	-	3,038,197	21,020,520
Excess (deficiency) of revenues over expenditures for the year	$ -	-	-	327,803	377,803

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